

Message Text

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PAGE 01 KINSHA 08300 311544Z

ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 XMB-02 EB-08 COME-00 TRSE-00

AGRE-00 AID-05 CIAE-00 FRB-03 INR-07 NSAE-00

USIA-06 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 STR-04

/069 W

-----000304 010209Z /65

R 311505Z AUG 77

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 5500

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

LIMITED OFFICIAL USE KINSHASA 8300

DEPT PASS EXIM, TREASURY, COMMERCE, AGRICULTURE/OGSM/KEEFER

E.O. 11652: N/A

TAGS: ECON, EGEN, EALR, CG, EAGR

REF: A. KINSHASA 7183 B. KINSHASA A-96 C. KINSHASA A-86

1. ONCE AGAIN PRICES CLIMBED SHARPLY DURING THE MONTH OF AUGUST. SPURRED BY A LARGE UNEXPLAINED RENT INCREASE, THE ALMOST DOUBLING OF GASOLINE PRICES, AND 50 TO 100 PERCENT INCREASES IN THE PRICE OF MANIOC PRODUCTS, THE AUGUST INCREASE ALONE EXCEEDS THE CUMULATIVE INCREASE IN THE COST OF LIVING OVER THE FIRST SEVEN MONTHS OF THE YEAR.

2. ALTHOUGH BEEF, FISH, AND CHICKEN HAVE DROPPED FROM THE RECORD HIGHS OBSERVED IN JUNE AND APPEAR TO HAVE STABILIZED, THE AVERAGE KINSHASA CONSUMER IS NOW BEING FACED WITH A MUCH MORE SERIOUS PROBLEM. BECAUSE OF WIDESPREAD BLIGHT AND DISEASE, THIS YEAR'S MANIOC CROP HAS BEEN FAR BELOW THE LEVEL NECESSARY TO MEET LOCAL DEMAND. PRICES HAVE BEGUN TO RISE SHARPLY; FOR INSTANCE, MANIOC

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FLOUR WHICH COST APPROXIMATELY 57 MAKUTA A KILO IN JUNE IS NOW GOING FOR 79 MAKUTA PER KILO. MANIOC ROOTS, ONE OF THE CHEAPEST AND MOST COMMONLY PURCHASED FORMS OF THE COMMODITY, WENT FROM 32 MAKUTA PER KILO IN JUNE TO 71 MAKUTA THIS MONTH. AS DISCUSSED MORE FULLY IN REF B BECAUSE OF THE HIGH INFLATION RATE AND INCREASE IN PROTEIN PRICES, THE KINSHASA WORKING, AND TO SOME EXTENT MIDDLE, CLASS HAS COME TO RELY EXTREMELY HEAVILY ON MANIOC AS A

BASIC FOOD. UP UNTIL NOW THE PRICE AT LEAST OF MANIOC FLOUR HAS REMAINED FAIRLY STABLE, THE APRIL 1976 PRICE HAVING BEEN 54 MUKUTA PER KILO. WITH NO PROSPECT OF EXTENSIVE IMPORTS AND DECLINING PRODUCTION THROUGH 1980, THIS MAY WELL MEAN A FURTHER DETERIORATION OF THEIR ALREADY POOR DIET AS MORE PEOPLE OF NECESSITY SWITCH TO BREAD AND COKE (OR OTHER SOFT DRINKS) AS A MAINSTAY.

3. THE MIDDLE AND UPPER CLASS CONSUMER RECEIVED HIS SHARE OF BAD NEWS THIS MONTH AS WELL WHEN THE PRICES OF GASOLINE WERE RAISED FROM 36 MAKUTA TO 55 MAKUTA/LITRE FOR SUPER AND FROM 33 MAKUTA TO 49 MAKUTA FOR REGULAR. DIESEL FUEL AND KEROSENE (COOKING FUEL) WERE NOT AFFECTED BY THE PRICE HIKE; BUT IT APPEARS THAT SEVERAL OF THE LOCAL FULA-FULA BUS OPERATORS, WHICH ACCORDING TO MOST SOURCES RUN ON DIESEL, HAVE TAKEN THE OPPORTUNITY TO ANNOUNCE PRICE HIKES WHICH HAVE BEEN DECRIED IN THE LOCAL MEDIA. IT HAS BEEN MAINLY THE TAXI FLEETS AND PRIVATE AUTO OWNERS THAT HAVE BEEN HIT BY THE HIKE TO THE EQUIVALENT OF \$2.47 PER GALLON.

4. WITH SHORTAGES ALREADY PUSHING PRICES UP, IT IS PROBABLE THAT THE MAJOR EFFECT OF THE WAGE INCREASES BEING GRANTED AS A RESULT OF THE RECENT RASH OF STRIKES HERE WILL BE TO HEAT UP EVEN FURTHER THE INFLATIONARY TENDENCIES ALREADY PRESENT IN THE ZAIRIAN ECONOMY. AT THIS POINT THE 30 PERCENT ANNUAL INFLATION RATE ENVISIONED BY THE IMF STABILIZATION PLAN AND THE GOZ BUDGET SEEMS A PIPE DREAM AT BEST, AND EVEN HOLDING THE LINE AT 50 PERCENT MAY BE MORE THAN LIMITED OFFICIAL USE

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THEY CAN DO.

5.

	DEC 20	JUN 27	JUL 22	-7& 24	PERCENT CHG.
INCOME	1976	1977	1977	1977	DEC-AUG
HIGH	160.1	227.6	191.4	238.0	48.7
MIDDLE	148.8	218.9	182.3	233.3	56.8
LOW	159.2	226.1	196.3	242.9	52.6

REVISED LOW

(CF REF B) 174.3 222.8

NOTE: THESE FIGURES REFLECT A CORRECTION DOWNWARD OF THE LOW INCOME INDEX FIGURE FOR JUNE REPORTED REFS A-C.

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Message Attributes

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Concepts: PRICE TRENDS
Control Number: n/a
Copy: SINGLE
Sent Date: 31-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
Errors: n/a
Expiration:
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Legacy Key: link1977/newtext/t1977084/aaaaadat.tel
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